

**PURCHASE, SALE and TRANSFER AGREEMENT**

**THIS PURCHASE, SALE and TRANSFER AGREEMENT** (the "Agreement") is made and entered as of this 15<sup>th</sup> day of December, 2006, by and between **ILLINOIS POWER COMPANY, d/b/a AmerenIP**, an Illinois corporation ("the Seller") and **CITY OF PRINCETON, ILLINOIS**, an Illinois municipal corporation ("Buyer").

**WITNESSETH:**

WHEREAS, Buyer presently owns and operates an electric distribution system serving customers within the existing limits of the City of Princeton;

WHEREAS, Seller presently owns and operates an electric distribution system serving customers inside the existing limits of the City of Princeton, and a portion of said distribution system that is subject to this Agreement is located along and adjacent to Main Street and designated in bold on Exhibit A attached hereto (the "System");

WHEREAS, Buyer desires to acquire and operate the System and to furnish electric service to four (4) existing customers of Seller along Main Street in conjunction with its existing operations;

WHEREAS, the parties desire to expeditiously effect the provisions of this Agreement as to the customers and the System identified herein;

WHEREAS, Buyer and Seller have reached an agreement for a sale of the System and transfer of the customers by Seller and the purchase the System and acquisition of the customers by Buyer;

WHEREAS, the Illinois Public Utilities Act authorizes a public utility to discontinue service and sell and transfer, in whole or in part, plant, equipment, business or other property to a municipal corporation;

NOW, THEREFORE, for and in consideration of the mutual covenants hereinafter contained, the parties hereto agree as follows:

**I. Agreement to Purchase, Sell and Transfer**

Buyer agrees to purchase the System and acquire the four (4) customers from Seller at the Closing (as hereinafter defined) upon the terms and conditions hereinafter set forth; and Seller, upon such terms and conditions, agrees to sell the System and transfer the four (4) customers to Buyer at the Closing.

**II. Description of the System and Customers**

The System to be purchased by Buyer and sold by Seller shall consist of sixteen (16) poles, conductors and associated equipment, except the customer meters and transformers, highlighted in bold on Exhibit A. The customers to be acquired by Buyer and transferred by Seller, along with the right to serve said customers, are identified on Exhibit C. Seller expressly accepts and reserves any statutory or contractual rights or obligations now or hereafter existing in the event Buyer ceases to own or operate a municipal electric distribution system.

**III. Closing**

(A) The closing shall take place within fifteen (15) business days after final Commission approval, unless the parties mutually agree otherwise (the "Closing"). The Closing shall take place at such location as the parties mutually agree.

(B) At the Closing:

(1) Seller will, upon due performance by Buyer of its obligations under the Agreement, deliver to Buyer:

- (a) such and sufficient instruments of sale, transfer and assignment, in form and substance satisfactory to Buyer's counsel, as shall be required or as may be appropriate in order to vest in Buyer all of Seller's right, title and interest in and to the System and the right to serve the customers identified on Exhibit C; and,

- (b) copies of all of the customer account and service records and other records pertaining to the customers identified on Exhibit C and any records reasonably needed by Seller, which shall be identified by Buyer and copied at Buyer's expense prior to the Closing;
- (2) Buyer will, upon due performance by Seller of its obligations hereunder:
  - (a) deliver to Seller a check in payment of the Purchase Price (as hereinafter defined);
  - (b) deliver to Seller an instrument, in form and substance satisfactory to Seller, assuming the obligations of Seller to serve the customers on Exhibit C, which Buyer agrees to assume; and,
  - (c) deliver to Seller, in form and substance satisfactory to Seller, an executed Verified Joint Petition For Approval of an Agreement To Purchase and Sell Certain Assets and to Transfer Certain Customers for filing with the Illinois Commerce Commission.

#### **IV. Purchase Price**

The purchase price shall be Ninety Three Thousand Two Hundred Twenty Nine Dollars (\$93,229.00) payable in cash at the Closing.

#### **V. Representations, Warranties and Agreements**

- (A) Seller represents, warrants and agrees that:
  - (1) Seller is and at the Closing will be a public utility duly organized and existing and in good standing under the laws of the State of Illinois;
  - (2) prior to the Closing, Seller will take all necessary action to authorize the execution, delivery and performance on its part of this Agreement, and the performance hereof by it will not be in contravention of the laws of the State of Illinois. Seller will adopt all corporate resolutions necessary to authorize sale of the System;
  - (3) prior to the Closing, Seller will operate and maintain the System as a going concern, making such repairs and replacements as may be necessary in the usual and regular course of business, and Seller will not sell or otherwise dispose of any part of the System except such part as may be retired from service in the ordinary course of business;
  - (4) Buyer or Buyer's representatives shall be permitted to enter upon and/or inspect the System at all reasonable times for the purpose of making surveys and other inspections. Seller shall provide Buyer, at Buyer's expense, with copies of all documents pertaining to this transaction reasonably requested by Buyer;

- (5) there are not pending or threatened actions at law or suits in equity of any nature involving the System;
- (6) the performance of the transactions contemplated by this Agreement by Seller will not be in contravention of its charter or the laws of the State of Illinois or any contract or agreement to which Seller is a party or subject;
- (7) the Agreement will be a legal and binding obligation of Seller, enforceable in accordance with its terms; and,
- (8) the System transferred to Buyer are being sold by Seller "AS IS" and "WHERE AT" without any representation or warranty, express or implied, including, without limitation, any warranty of fitness for a particular purpose.

(B) Buyer represents, warrants and agrees that:

- (1) Buyer is and at the Closing will be an Illinois municipal corporation duly organized and existing and in good standing under the laws of the State of Illinois;
- (2) prior to the Closing, Buyer will take all necessary action to authorize the execution, delivery and performance on its part of this Agreement, and the performance hereof by it will not be in contravention of the laws of the State of Illinois. Buyer will adopt all ordinances necessary to authorize purchase of the System;
- (3) the performance of the transactions contemplated by this Agreement by Buyer will not be in contravention of this charter or the laws of the State of Illinois or any contract or agreement to which Buyer is a party or subject;
- (4) the Agreement will be a legal and binding obligation of Buyer, enforceable in accordance with its terms;
- (5) Buyer will indemnify and hold Seller harmless for any and all claims, suits, or causes of action of any type or kind whatsoever, arising out of Buyer's ownership or operation of the system after the Closing;
- (6) Nothing herein provided shall prevent Seller from continuing to furnish electric service to existing or new customers in areas inside and outside Buyer's now-existing municipal boundaries;
- (7) The Agreement will be a legal and binding obligation of Buyer under the Illinois Municipal Code, other applicable state laws and Buyer's own ordinances enforceable in accordance with its terms; and
- (8) Upon notification of the Agreement to the Commission, Buyer undertakes to provide and furnish all electric service to the customers identified on Exhibit C at the location identified on Exhibit B and to maintain and continue said electric service until such time as Buyer ceases to own or operate a municipal electric distribution service. Buyer agrees to serve

any new customers along and adjacent to the route of the assets being sold by seller to Buyer.

#### **VI. Risk of Loss**

If, prior to the Closing, any material part of the respective System shall be damaged, destroyed or substantially adversely affected by storm, fire, flood, explosion, act of God, or other cause, Seller shall effect such repairs as are necessary to restore the System to a condition sufficient to restore reasonable service levels.

#### **VIII. Regulatory Approval**

All obligations of Seller are subject to Commission approval of this transaction. The approval must be consistent with the terms of this Agreement, and Seller reserves the right to insist that the regulatory order be final and non-appealable.

#### **VIII. Seller's Service Accounts/Interim Service**

All accounts receivable of Seller for unpaid bills rendered prior to the Closing shall remain the property of Seller. As near as possible to the Closing but not later than seven (7) business days after the Closing, Seller shall read and remove all customer meters and transformers and shall bill all customers for amounts due Seller. Buyer shall install its own meters and transformers and begin furnishing electric power to all affected customers as soon as practicable after removal of Seller's meter. During any interim period after Closing, but prior to Buyer's commencement of delivery of service, Seller shall continue to furnish electric power to all affected customers. Seller shall be solely responsible for collecting amounts due, and Buyer shall have no liability to Seller for amounts not collected.

#### **IX. Conditions to Buyer's Obligations**

All obligations of the Buyer under this Agreement are subject to the performance by Seller of its obligations to be performed hereunder at or prior to the Closing, to the continued accuracy in all material respects of the representations and warranties of Seller contained in this

Agreement, and Seller shall have delivered to Buyer copies of all information in possession of Seller which are necessary for Buyer to operate the System.

**X. Additional Documents**

If at any time after the Closing it shall appear that additional documents or papers are reasonably necessary to complete or perfect the transfer the System and the identified customers to the Buyer, Seller agrees to execute such additional documents or papers upon the written request of Buyer.

**XI. Nature and Survival of Representations and Warranties; Indemnification**

- (A) Buyer shall indemnify, defend and hold harmless Seller in respect of all losses, damages, claims, liabilities, costs or expenses accruing or resulting from any misrepresentation, breach or failure of any representation, warranty, or covenant of Buyer under this Agreement or from any misrepresentation in or material omission from any certificate or other document furnished or to be furnished to Seller by Buyer.
- (B) Seller shall indemnify, defend and hold harmless Buyer in respect of all losses, damages, claims, liabilities, costs or expenses accruing or resulting from any misrepresentation, breach or failure of any representation, warranty, or covenant of Seller under this Agreement or from any misrepresentation in or material omission from any certificate or other document furnished or to be furnished to Buyer by Seller.
- (C) If any claim be made or suit brought against a party for injury, loss, damage, compensation or any other right, demand, or claim under this Agreement for which such party may be entitled to indemnification hereunder, such party shall promptly notify the party from whom indemnification may be sought and shall keep such party informed in a timely manner as to all developments with respect thereto.

**XII. Waivers**

Buyer may extend the time for or waive the performance of any of the obligations of Seller or waive any inaccuracies in the representations or warranties or in the agreements of, or conditions applicable to Seller contained in this Agreement. Seller may take similar action with respect to the obligations, representations, warranties or agreements of, or conditions applicable to Buyer under this Agreement. Any such waiver shall be in writing and signed by an authorized officer of Buyer or by an authorized officer of Seller, as the case may be.

**XIII. Seller's Duty to Minimize Service Disruptions**

AmerenIP will cooperate with Buyer in the removal of the customer meters and transformers to minimize the disruption of service to the customers.

**XIV. Successors and Assigns.** This Agreement shall be binding and inure to the benefit of the respective successors and permitted assigns of the parties to this Agreement.

**XV. Notices.** All notices, requests, demands and other communication hereunder shall be in writing, and shall be deemed to have been duly given if delivered or mailed, first class postage prepaid:

**To Seller at:** AmerenIP  
Attn: Regulatory Services Department  
607 East Adams Street  
Springfield, Illinois 62739

**To Buyer at:** City of Princeton  
Mr. Andrew Brannen  
2 South Main Street  
Princeton, IL 61356

or such other address as either party may have furnished to the other party in writing.

**XVI. Entire Agreement of Parties.** This Agreement constitutes the entire agreement of Buyer and Seller with respect to the subject matter hereof, superseding all negotiations, prior discussions and any preliminary agreements. This Agreement cannot be changed except by written agreement executed by the parties hereto.

**XVII. Law of Illinois to Govern.** This Agreement shall be governed as to its interpretation and construction by the laws of the State of Illinois.

**XVIII. Exhibits and Schedules.** The Exhibits attached hereto are hereby made a part of this Agreement as if set forth in full herein.

**XIX. Expenses.** Whether or not the transactions contemplated herein are consummated, each party shall pay its own expenses and costs incurred in negotiating, preparing, closing and carrying out the Agreement and the transactions contemplated herein.

IN WITNESS WHEREOF, Seller has caused this Agreement to be executed in its corporate name by one of its officers, thereunto duly authorized, and Buyer and executed this Agreement of the day and year first above written.

ILLINOIS POWER COMPANY  
d/b/a AmerenIP

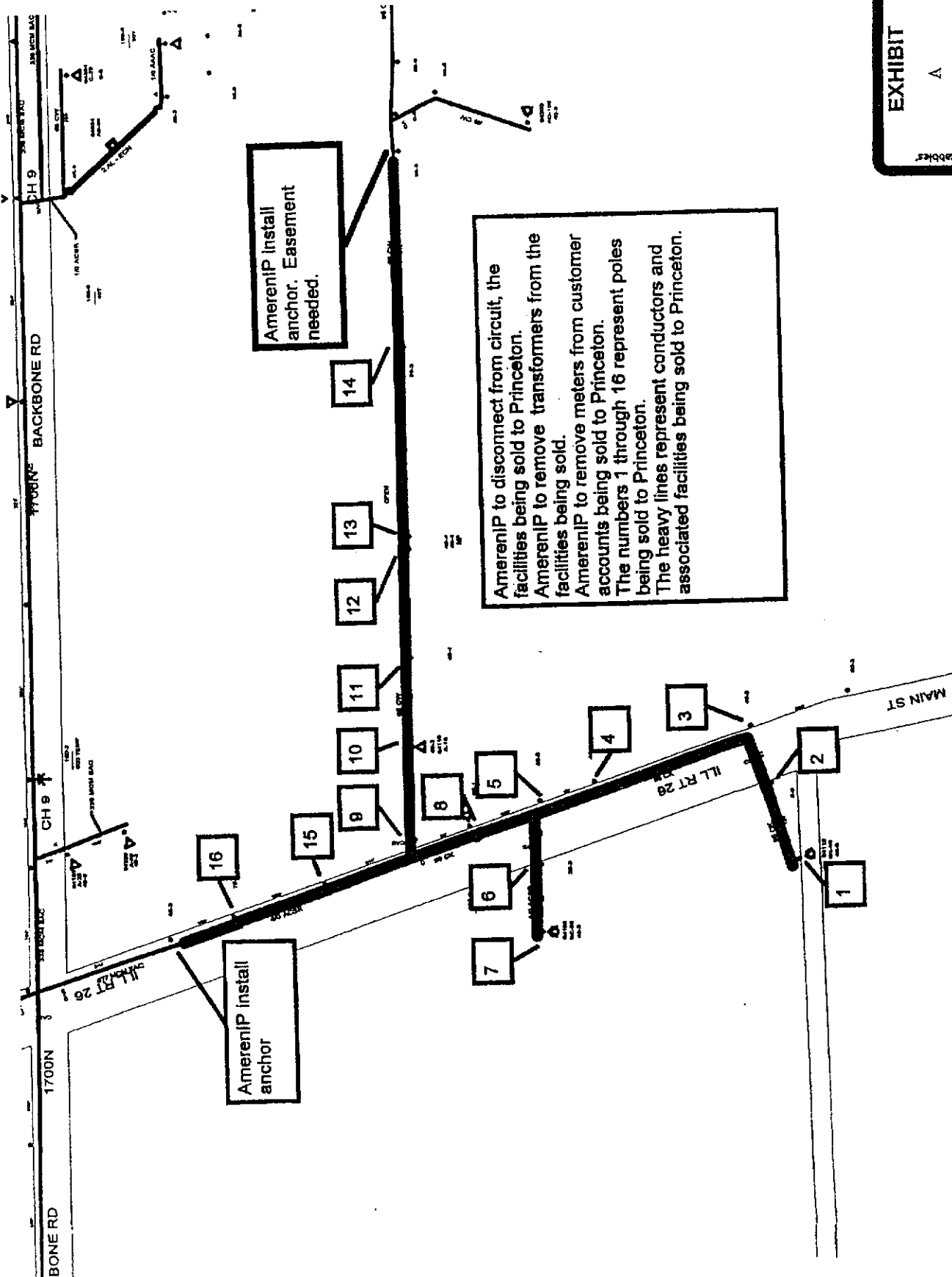
CITY OF PRINCETON

By: [Signature]  
Its: Division 1 Manager  
Attest: Beverly Wagner  
Its: Administrative assistant

By: [Signature]  
Its: Mayor  
Attest: [Signature]  
Its: City Clerk

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AmerenIP to disconnect from circuit, the facilities being sold to Princeton.  
 AmerenIP to remove transformers from the facilities being sold.  
 AmerenIP to remove meters from customer accounts being sold to Princeton.  
 The numbers 1 through 16 represent poles being sold to Princeton.  
 The heavy lines represent conductors and associated facilities being sold to Princeton.

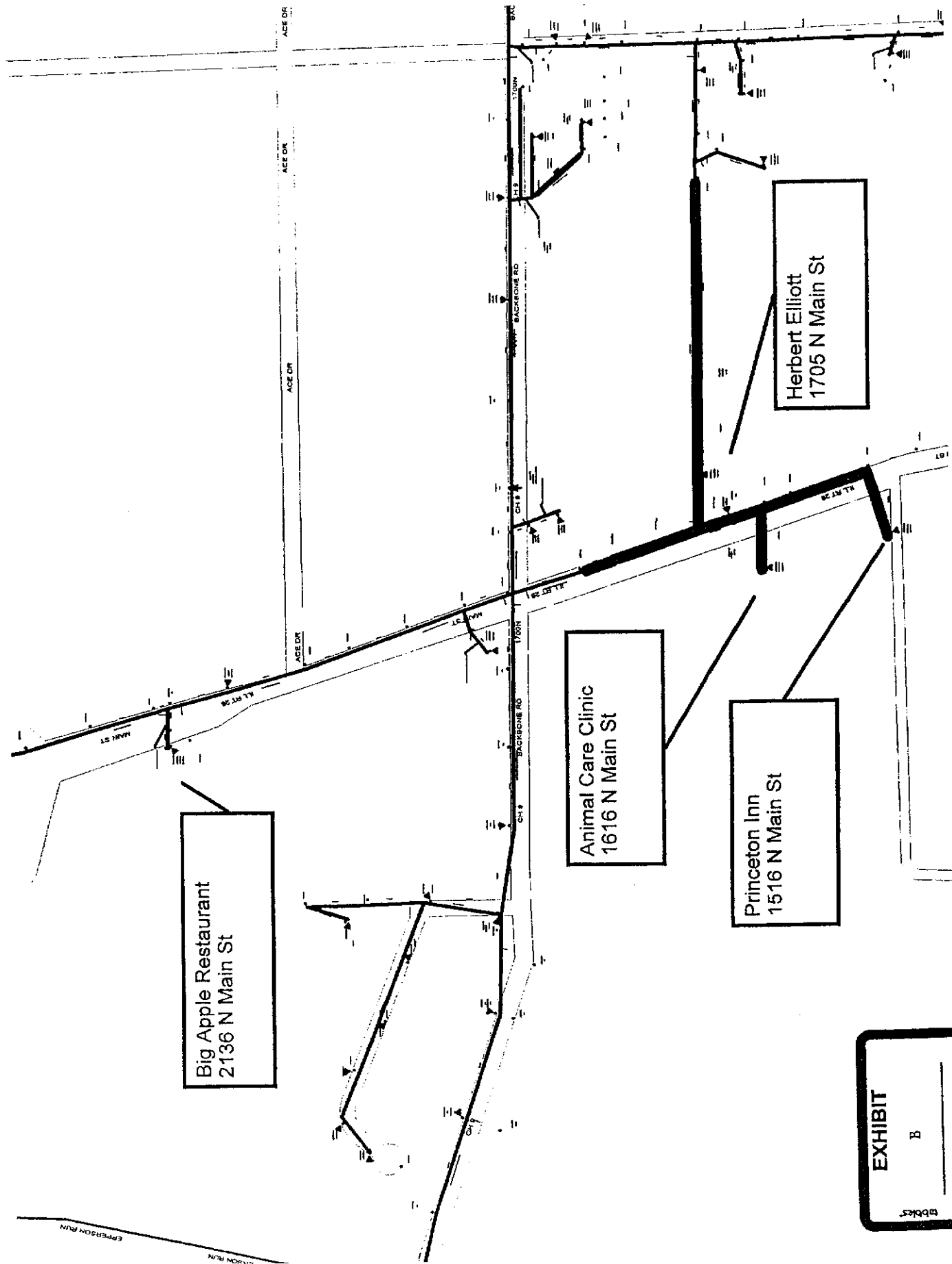


EXHIBIT  
B

**EXHIBIT C**

**Animal Care Clinic  
1616 North Main Street**

**Non-residential  
Account No: 15901-71057**

**Big Apple Restaurant  
2136 North Main Street**

**Non-residential  
Account No: 68748-81293**

**Herbert Elliott  
1705 North Main Street**

**Residential  
Account No: 34612-26250**

**Princeton Inn  
1516 North Main Street**

**Non-residential  
Account No: 98335-75536**